



# International Seaways, Inc.

Fourth Quarter 2020  
Earnings Presentation  
March 12, 2021



**INSW**  

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# Disclaimer

## Forward-Looking Statements

During the course of this presentation, the Company (International Seaways, Inc. (INSW)) may make forward-looking statements or provide forward-looking information. All statements other than statements of historical facts should be considered forward-looking statements. Some of these statements include words such as “outlook,” “believe,” “expect,” “potential,” “continue,” “may,” “will,” “should,” “could,” “seek,” “predict,” “intend,” “plan,” “estimate,” “anticipate,” “target,” “project,” “forecast,” “shall,” “contemplate” or the negative version of those words or other comparable words. Although they reflect INSW’s current expectations, these statements are not guarantees of future performance, but involve a number of risks, uncertainties, and assumptions which are difficult to predict. Some of the factors that may cause actual outcomes and results to differ materially from those expressed in, or implied by, the forward-looking statements include, but are not necessarily limited to, vessel acquisitions, general economic conditions, competitive pressures, the nature of the Company’s services and their price movements, and the ability to retain key employees. The Company does not undertake to update any forward-looking statements as a result of future developments, new information or otherwise.

## Non-GAAP Financial Measures

Included in this presentation are certain non-GAAP financial measures, including Time Charter Equivalent (“TCE”) revenue, EBITDA, Adjusted EBITDA, and total leverage ratios, designed to complement the financial information presented in accordance with generally accepted accounting principles in the United States of America because management believes such measures are useful to investors. TCE revenues, which represents shipping revenues less voyage expenses, is a measure to compare revenue generated from a voyage charter to revenue generated from a time charter. EBITDA represents net (loss)/income before interest expense, income taxes and depreciation and amortization expense. Adjusted EBITDA consists of EBITDA adjusted for the impact of certain items that we do not consider indicative of our ongoing operating performance. Total leverage ratios are calculated as total debt divided by Adjusted EBITDA. We present non-GAAP measures when we believe that the additional information is useful and meaningful to investors. Non-GAAP financial measures do not have any standardized meaning and are therefore unlikely to be comparable to similar measures presented by other companies. The presentation of non-GAAP financial measures is not intended to be a substitute for, and should not be considered in isolation from, the financial measures reported in accordance with GAAP. See Appendix for a reconciliation of certain non-GAAP measures to the comparable GAAP measures.

This presentation also contains estimates and other information concerning our industry that are based on industry publications, surveys and forecasts. This information involves a number of assumptions and limitations, and we have not independently verified the accuracy or completeness of the information.

## Additional Information

You should read the Company’s Annual Report on Form 10-K for the year ended December 31, 2020, and other documents the Company has filed with the SEC for additional information regarding the Company, its operations and the risks and uncertainties it faces. You may obtain these documents for free by visiting EDGAR on the SEC Web site at [www.sec.gov](http://www.sec.gov), or from the Company’s website at [www.intlseas.com](http://www.intlseas.com).



# Business Review

Lois K. Zabrocky

President & CEO



# Fourth Quarter 2020 Highlights and Recent Developments

- **Increased Financial Strength During Weak Quarter**

- Signed 10-year extensions for our FSO JVs in direct continuation of the current 5 year contracts. New contracts will generate approximately \$20 million annually for INSW continuing through 2032
- Sold three unencumbered ships for over \$60 million in cash: two older VLCCs and one older Aframax. 11 unencumbered ships remain in fleet
- Ended the quarter with over \$215 million in cash and \$255 million liquidity
- Net loan to value of 33% continues to be one of the lowest in the space

- **Constructing Three Dual Fuel VLCCs**

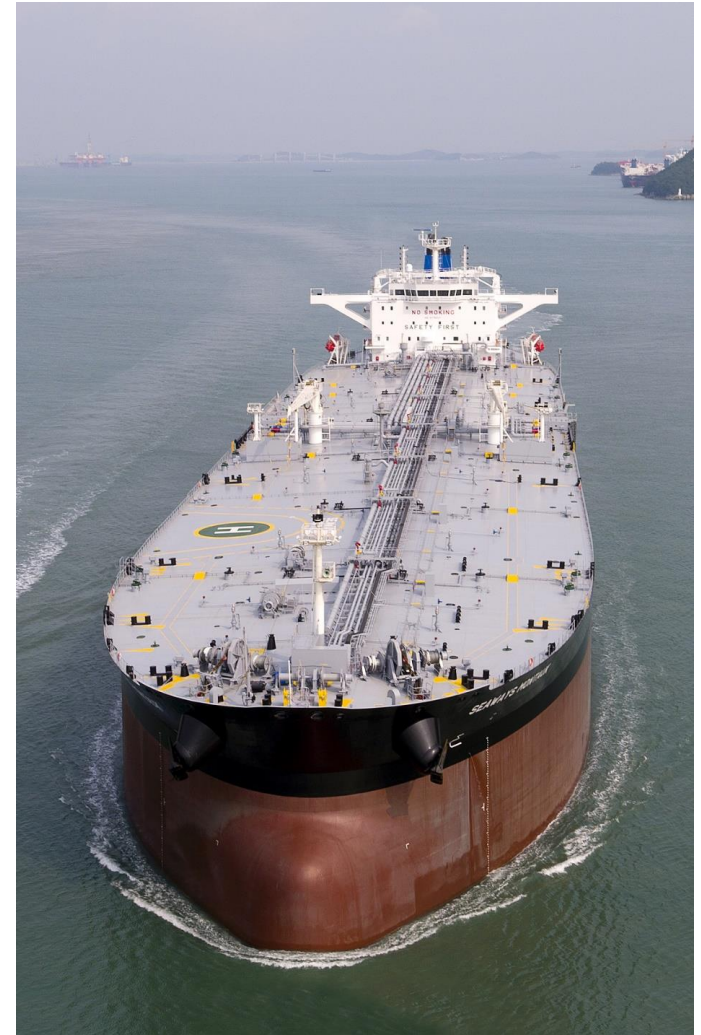
- Subsequent to the end of the quarter, INSW announced contract to build three newbuilding dual-fuel LNG VLCCs
  - Ships will have seven-year time charters with Shell
  - These VLCCs will be 40% more efficient than a 10 year old VLCC and 20% more efficient than a modern ECO VLCC.
  - Highly efficient, the ships will substantively outperform 2025 Phase III EEDI targets, keeping with Seaway's commitment to ESG principles

- **Capital Allocation Strategy Execution and Update**

- Share repurchase authorization stands at \$50 million
- Regular \$0.06/share quarterly dividend declared in February, \$0.24/share paid in 2020

- **Full Year and Fourth Quarter 2020 Results**

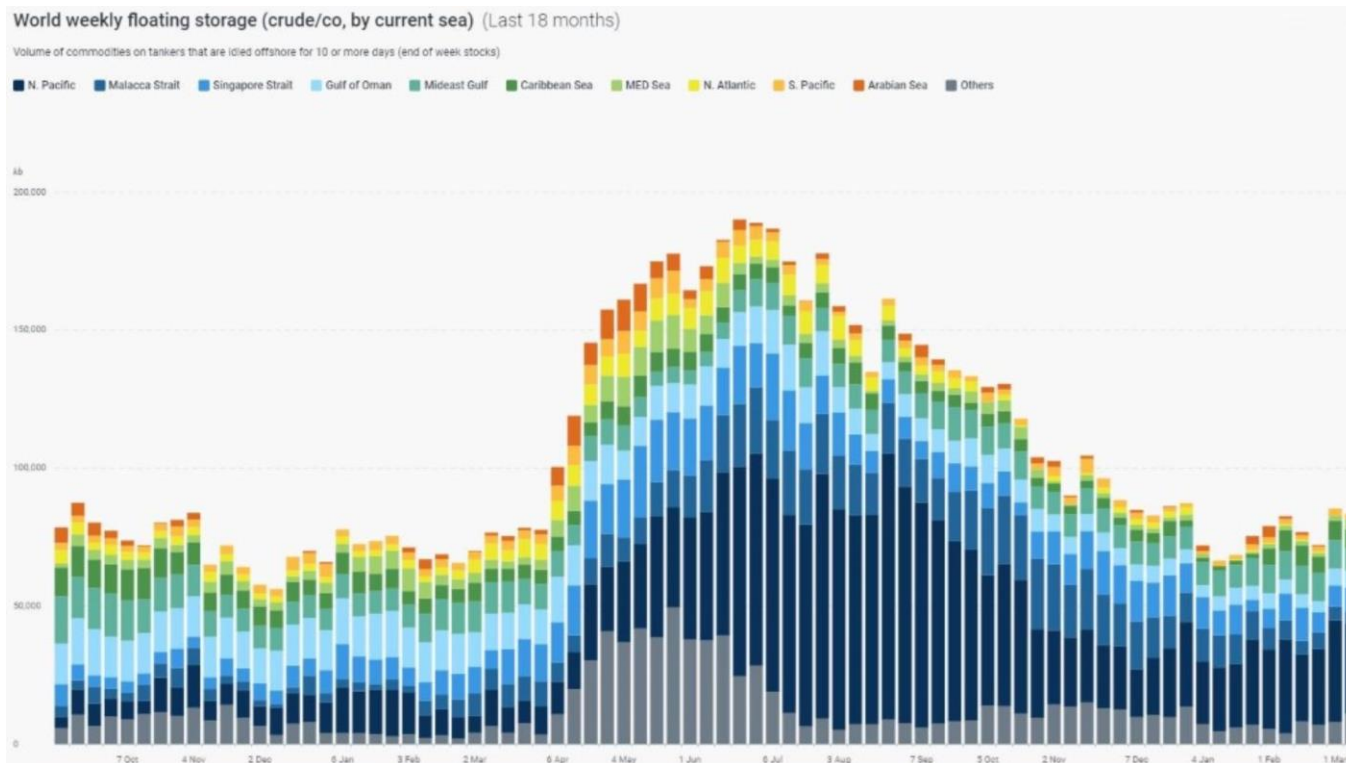
- 2020 net loss \$5.5 million, or \$0.20/share. Excluding \$114.6 million in impairments and deferred finance cost write-offs and \$16 million non-cash deferred tax charge related to the FSO extensions, net income was \$125.2 million, or \$4.39/share, our highest on record.
- Fourth Quarter net loss \$116.9 million or \$4.18/share. Excluding \$85.9 million in vessel impairments and \$16 million related to the FSO extensions, net loss was \$14.6 million or \$0.52/share



# Market Update – Oil Supply, Demand and Implications

- **Oil Supply and Demand**

- IEA's February forecast estimates 2021 demand to be up 5.4 mb/d, recovering about 60% of the volume lost in 2020, and increasing to 99.2 mb/d by Q4 2021
- EIA expects a similar 5.4 mb/d increase in demand for 2021 and 3.5 mb/d for 2022
- IEA reported global oil stocks were 62.8 mb below the May 2020 peak, which is needed to set the stage for tanker recovery
- OPEC meeting on March 3 did not lead to a lifting of production quotas aside from small amounts for Russia and Kazakhstan
- Floating oil storage has decreased to pre-pandemic levels



Source: IEA, EIA, Kpler

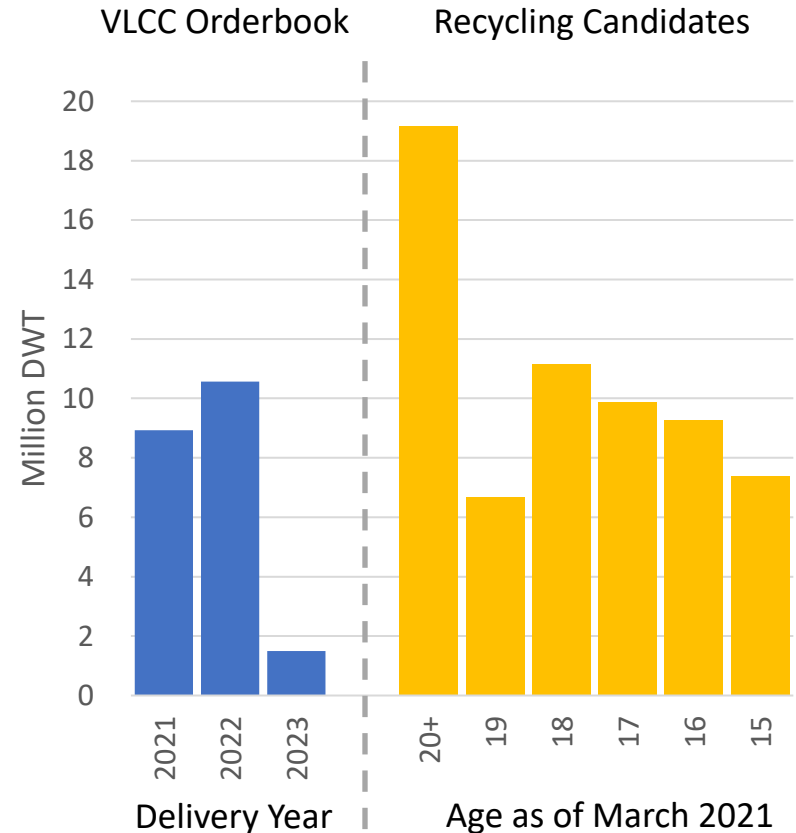
# Market Update – Ship Supply

- **Orderbook Update**

- Orderbook remains at historical lows:
  - VLCC 8.1%
  - Suezmax 10.0%
  - Aframax/LR2 10.2%
  - Panamax/LR1 1.8%
  - MR 6.1%
- 31 VLCCs ordered in 2019; 41 in 2020; 10 cancelled recently
- Ordering tempered by uncertainty surrounding markets, decarbonization, and higher steel and newbuilding prices

- **Recycling potential**

- The VLCC fleet is aging – 208 (25%) ships out of a fleet of 836 are 15 years old or older and 64 (8%) are already 20 years old or older. This is equal to the entire VLCC orderbook
- A further 13 VLCCs will reach age 20 during the balance of 2021
- At age 15 and every 2.5 years thereafter significant investment required to continue to trade
- As ships reach ballast water treatment deadlines, even greater capital expenditure is required to keep trading
- After a record 31 ships recycled in 2018, only four VLCCs were recycled in both of 2019 and 2020. At current spot rates and steel prices, we expect to see recycling increase





# Financial Review

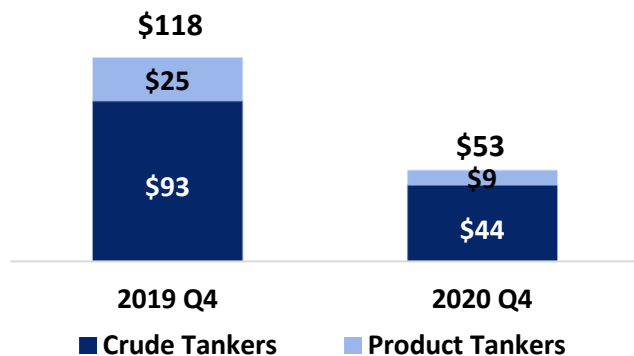
Jeffrey D. Pribor  
SVP & CFO

# Financial Summary – TCE Revenue & Adjusted EBITDA<sup>1</sup>

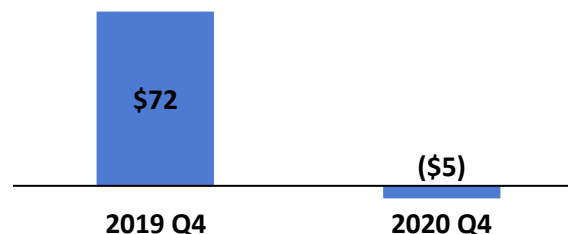
(\$ millions)

## 4Q 2019 vs 4Q 2020

### Quarterly TCE Revenue

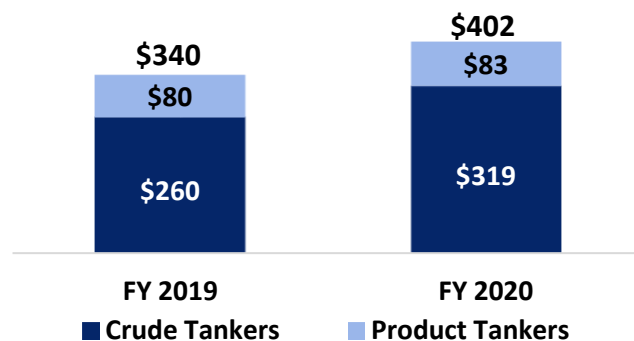


### Quarterly Adjusted EBITDA

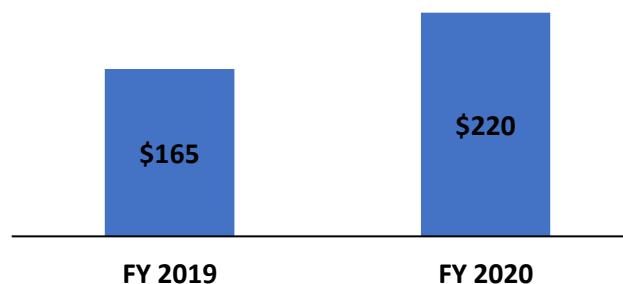


## FY 2019 vs FY 2020

### Annual TCE Revenue



### Annual Adjusted EBITDA



**LTM  
Adjusted  
EBITDA<sup>1</sup>:  
\$220.1M**

<sup>1</sup> See Appendix for TCE Revenue and EBITDA reconciliation



# Financial Summary – Q4 & Q1 Earnings Update

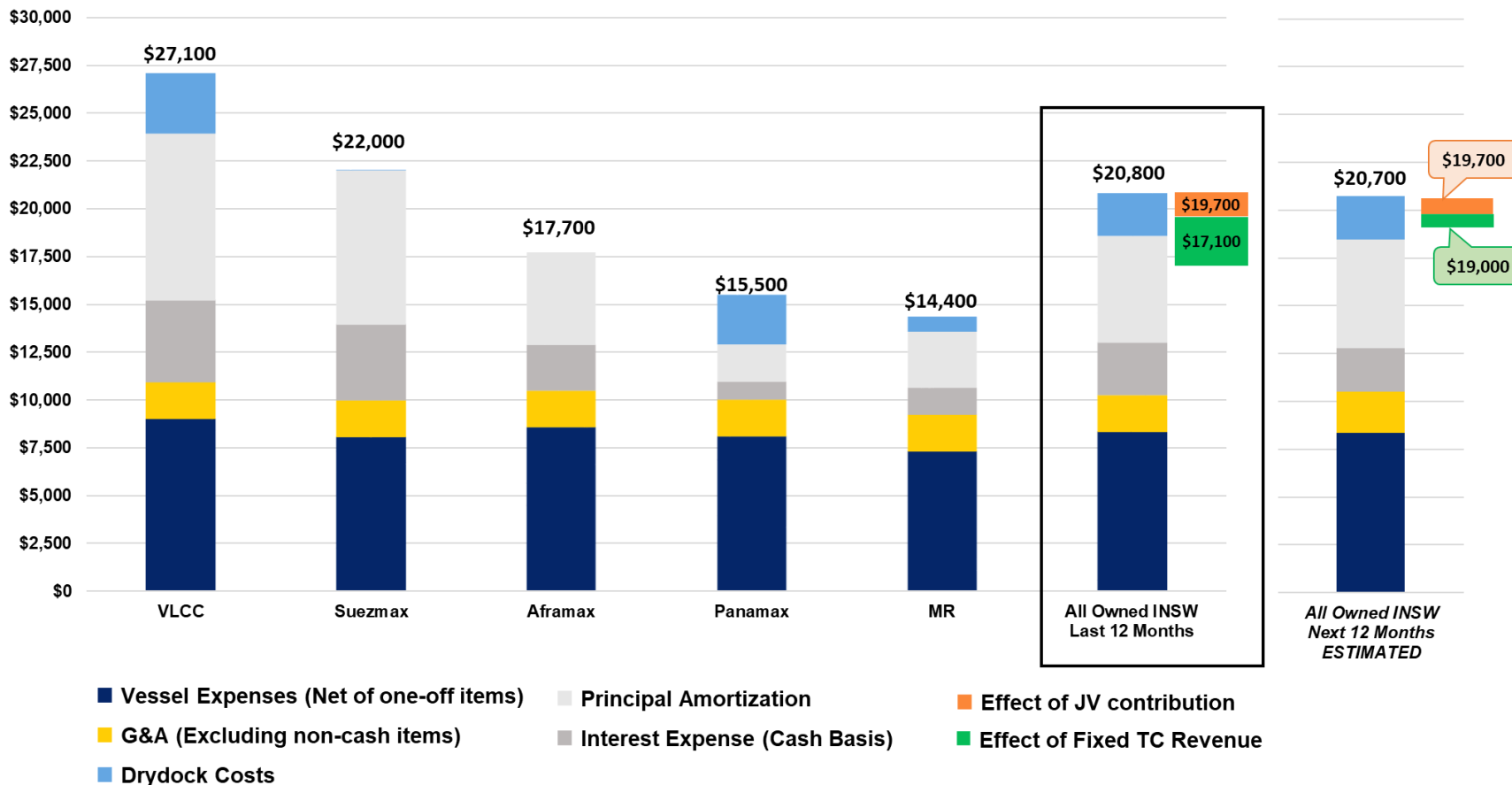
2020 Q4 Actual				2021 Q1 Booked to Date <sup>1</sup>					
	SPOT	TC	OVERALL	SPOT		TC		OVERALL	
	TCE	TCE	TCE	Fixed	TCE	Fixed	TCE	Fixed	TCE
<b>VLCC</b>	<b>\$17,500</b>	<b>\$63,600</b>	<b>\$29,400</b>	<b>93%</b>	<b>\$16,800</b>	<b>100%</b>	<b>\$47,000</b>	<b>94%</b>	<b>\$22,200</b>
VLCC < 15	\$19,200	\$70,100	\$29,500	93%	\$16,800	100%	\$43,900	93%	\$19,900
<b>Suezmax</b>	<b>\$10,400</b>	<b>---</b>	<b>\$10,400</b>	<b>86%</b>	<b>\$10,900</b>	<b>0%</b>	<b>\$0</b>	<b>86%</b>	<b>\$10,900</b>
<b>Aframax/LR2</b>	<b>\$9,100</b>	<b>\$17,400</b>	<b>\$10,100</b>	<b>91%</b>	<b>\$10,400</b>	<b>100%</b>	<b>\$17,800</b>	<b>94%</b>	<b>\$12,400</b>
<b>Panamax/LR1</b>	<b>\$13,600</b>	<b>\$14,600</b>	<b>\$14,000</b>	<b>72%</b>	<b>\$13,000</b>	<b>74%</b>	<b>\$10,700</b>	<b>73%</b>	<b>\$11,900</b>
<b>MR</b>	<b>\$10,000</b>	<b>---</b>	<b>\$10,000</b>	<b>67%</b>	<b>\$9,400</b>	<b>0%</b>	<b>\$0</b>	<b>67%</b>	<b>\$9,400</b>

<sup>1</sup> As of March 11, 2021

Overall 2020 Q4 VLCC TCE includes 260 time charter days at \$63,600/day. Overall 2021 Q1 VLCC TCE includes 149 time charter days at \$47,000/day  
 Overall 2020 Q4 Aframax/LR2 TCE includes 52 time charter days at \$17,400/day. Overall 2021 Q1 Aframax/LR2 TCE includes 90 time charter days at \$17,800/day  
 Overall 2020 Q4 Panamax/LR1 TCE includes 297 time charter days at \$14,600/day. Overall 2021 Q1 Panamax/LR1 TCE includes 341 time charter days at \$10,700/day  
 Rates exclude average pool fees of approximately \$654/day. Excludes prior period accounting adjustments

# Lean and Scalable Model – Cash Breakevens

TCE breakeven levels allow INSW to navigate low points in the tanker cycle while providing significant operating leverage in rising markets



INSW Daily OPEX excludes DDK deviation bunkers, insurance claims and one-off expenses

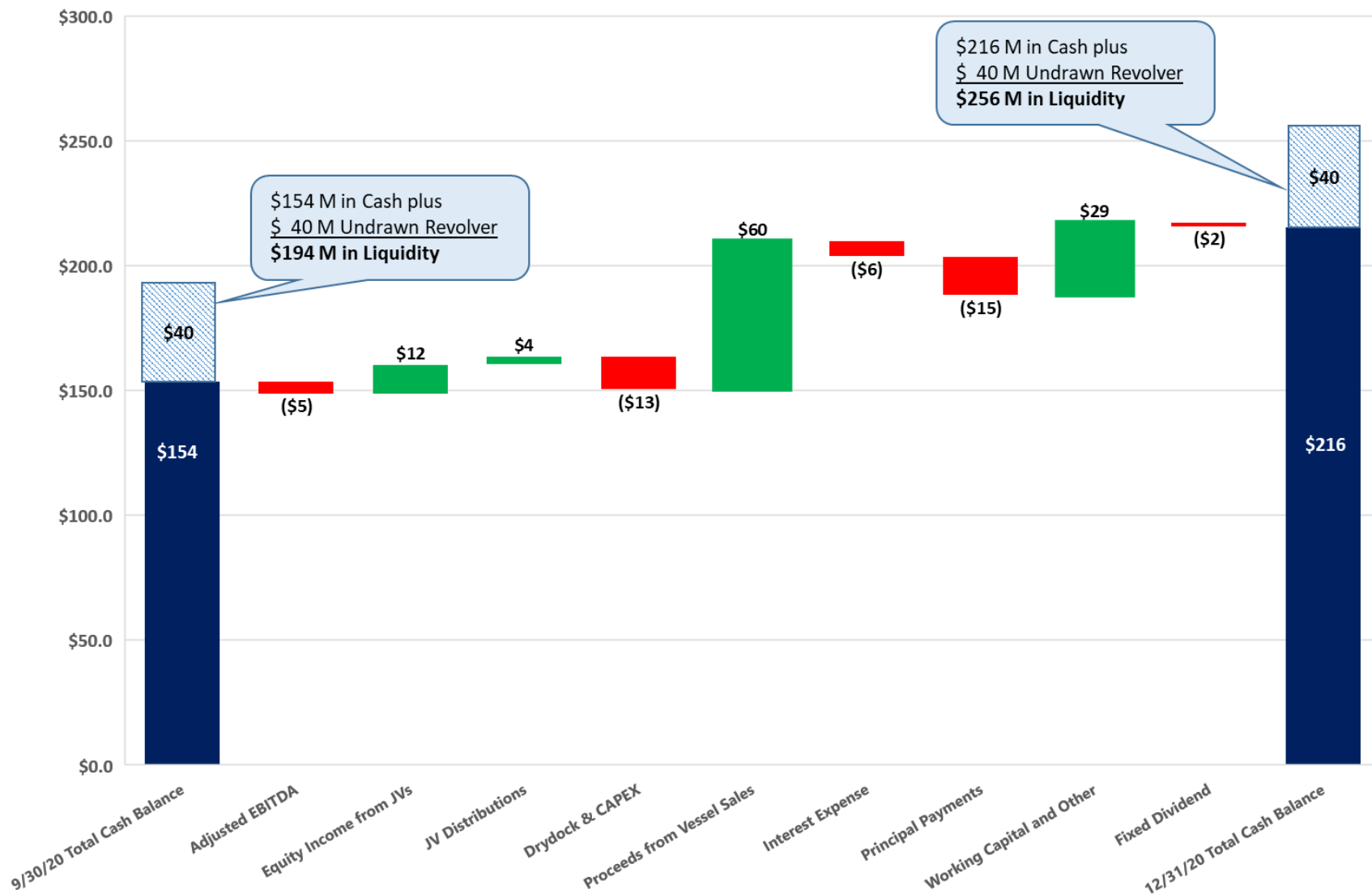
G&A for the Lightering segment is excluded

Vessels that have been sold are excluded

Only includes owned vessels. Two bareboat-in Aframax vessels have charter hire and OPEX expenses of approx. \$16,400 per day

Breakevens are basis Revenue Days

# Financial Summary – Change in Cash Balance



# Strong Financial Position – Balance Sheet

## Strong balance sheet protects INSW during low portions of tanker cycle

December 31, 2020 (\$ M)			
<u>Assets</u>		<u>Liabilities</u>	
Cash and Equivalents	\$199	Current Liabilities (including \$61M current portion of long term debt and \$9M current portion of lease liabilities)	\$109
Other Current Assets	\$57	Long Term Debt	\$474
		Long Term Portion of Lease Liabilities	\$10
		Other Long Term Liabilities	\$21
<b>Total Current Assets</b>	<b>\$257</b>	<b>Total Liabilities</b>	<b>\$614</b>
Restricted Cash	\$16		
Vessels	\$1,144		
Right of Use Assets	\$22		
Other Long Term Assets	\$147		
<b>Total Assets</b>	<b>\$1,587</b>		
		<u>Equity</u>	
		Total Equity	\$972
		<b>Total Liabilities and Equity</b>	<b>\$1,587</b>

### INSW Book Value of FSO JV as of December 31, 2020: \$129 million

- Net Debt to Total Capitalization: 25%
- Net Debt to LTM EBITDA: 1.45x
- Net Loan to Asset Value<sup>1</sup>: 33%
- Portion of debt which is fixed or hedged: 96%

INSW Debt at 12/31/20				
	Principal Balance (\$M)	Maturity	Rate	Quarterly Amortization
Core Facility	\$271.6	1/23/2025	LIBOR +240 bps	\$9.5M
Sinosure Credit Facility	\$246.1	2027-2028	LIBOR +200 bps	\$5.9M
8.5% Senior Notes	\$25.0	6/30/2023	8.50%	0
<b>Total Debt Balance</b>	<b>\$542.7</b>			
Undrawn Revolver	\$40.0		LIBOR +240 bps	

<sup>1</sup> Conventional tanker fleet only; excludes value of FSO joint ventures



# Summary

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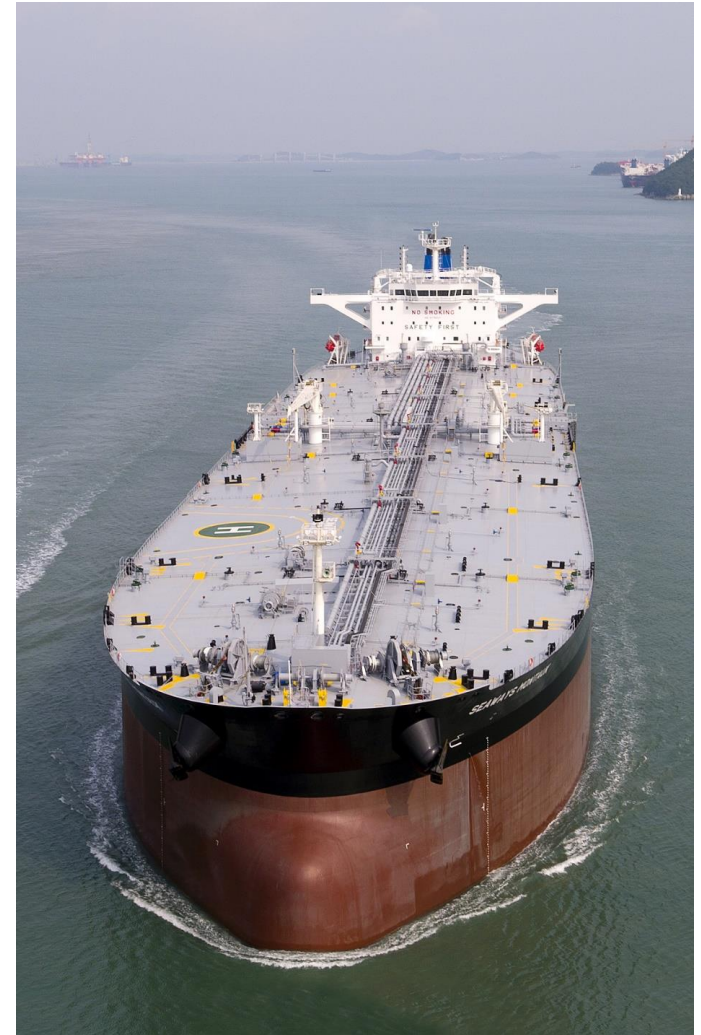
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- **Capital Allocation Strategy Execution and Update**

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- **Full Year and Fourth Quarter 2020 Results**

- 2020 net loss \$5.5 million, or \$0.20/share. Excluding \$114.6 million in impairments and deferred finance cost write-offs and \$16 million non-cash deferred tax charge related to the FSO extensions, net income was \$125.2 million, or \$4.39/share, our highest on record.
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## Appendix

# Estimated Drydock and CAPEX costs and Out-of-Service Days (\$ millions)

2020 Out-of-Service Days					
	Q1 (A)	Q2 (A)	Q3 (A)*	Q4 (A)	FY 2020
VLCC	390	203	-86	109	616
Suezmax	0	2	4	0	7
Aframax / LR2	8	30	0	19	57
Panamax / LR1	16	7	275	501	800
MR	43	-14	1	44	74
	456	229	195	674	1,553

2021 Out-of-Service Days					
	Q1	Q2	Q3	Q4	FY 2021
VLCC	95	107	10	66	277
Suezmax	3	3	2	2	9
Aframax / LR2	5	5	10	10	30
Panamax / LR1	140	18	12	43	213
MR	6	5	23	7	41
	249	138	56	127	570

2020 Drydock Costs					
	Q1 (A)	Q2 (A)	Q3 (A)	Q4 (A)	FY 2020
VLCC	\$6.4	\$4.8	\$0.7	\$0.7	\$12.5
Suezmax	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Aframax / LR2	\$0.8	\$0.0	\$0.0	\$0.0	\$0.8
Panamax / LR1	\$0.1	\$0.1	\$2.6	\$8.3	\$11.1
MR	\$0.3	\$0.0	\$0.1	\$0.8	\$1.1
	\$7.6	\$4.9	\$3.3	\$9.8	\$25.6

2021 Drydock Costs					
	Q1	Q2	Q3	Q4	FY 2021
VLCC	\$1.9	\$7.5	\$0.0	\$4.5	\$13.9
Suezmax	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Aframax / LR2	\$0.0	\$0.0	\$0.1	\$0.1	\$0.2
Panamax / LR1	\$7.2	\$0.0	\$0.0	\$1.2	\$8.5
MR	\$0.3	\$0.0	\$1.6	\$0.0	\$1.9
	\$9.5	\$7.5	\$1.7	\$5.9	\$24.5

2020 CAPEX Costs **					
	Q1 (A)	Q2 (A)	Q3 (A)	Q4 (A)	FY 2020
VLCC	\$11.2	\$8.3	\$3.6	\$1.5	\$24.7
Suezmax	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Aframax / LR2	\$0.0	\$0.0	\$0.0	\$0.1	\$0.1
Panamax / LR1	\$0.4	\$3.7	\$1.1	\$1.7	\$6.9
MR	\$0.4	\$0.0	\$0.8	\$0.3	\$1.5
	\$12.0	\$12.0	\$5.5	\$3.6	\$33.2

2021 CAPEX Costs					
	Q1	Q2	Q3	Q4	FY 2021
VLCC	\$1.9	\$4.7	\$0.3	\$1.8	\$8.6
Suezmax	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Aframax / LR2	\$0.0	\$0.2	\$0.0	\$0.0	\$0.2
Panamax / LR1	\$0.6	\$0.0	\$0.0	\$0.0	\$0.6
MR	\$0.0	\$0.0	\$0.4	\$0.0	\$0.4
	\$2.5	\$4.8	\$0.7	\$1.8	\$9.8

\* Loss of Hire recovery relating to the Mulan of 113 out-of-service days is included in Q3

\*\* Principally relates to Scrubber and BWTS costs

## TCE Revenue Reconciliation

(\$ thousands)

	4Q19	4Q20	LTM 4Q19	LTM 4Q20
Time charter equivalent revenues	117,595	52,953	339,919	402,005
Add: Voyage expenses	6,427	3,750	26,265	19,643
<b>Shipping revenues</b>	<b>124,022</b>	<b>56,703</b>	<b>366,184</b>	<b>421,648</b>



## Adjusted EBITDA Reconciliation

(\$ thousands)

<i>All INSW</i>	4Q19	4Q20	3Q20	LTM 4Q19	LTM 4Q20
Net income / (loss)	15,891	(116,889)	13,981	(830)	(5,531)
Income tax provision	1	-	-	1	1
Interest expense	14,281	7,823	7,999	66,267	36,712
Depreciation and amortization	18,945	18,182	19,014	75,653	74,343
<b>EBITDA</b>	<b>49,118</b>	<b>(90,884)</b>	<b>40,994</b>	<b>141,091</b>	<b>105,525</b>
Third-party debt modification fees	-	-	-	30	232
Loss on disposal of vessels, net of impairments	280	85,923	12,834	308	100,087
Gain on sale of investment in affiliated companies	(3,033)	-	-	(3,033)	-
Release of other comprehensive loss upon sale of investment in affiliated company	21,615	-	-	21,615	-
Write-off of deferred financing costs	3,215	-	572	3,558	13,073
Loss on extinguishment of debt	1,000	2	181	1,100	1,197
<b>Adjusted EBITDA</b>	<b>72,195</b>	<b>(4,959)</b>	<b>54,581</b>	<b>164,669</b>	<b>220,114</b>

# Chartered In Fleet

## Charter-In Hire Details

- **Time Charter-Ins:**
  - 1 MR vessel at 25% - redelivers March 2021 - Charter Hire expense for 2021: \$0.1M
  - 1 LR1 vessel that redelivers in August 2021 – Charter Hire expense for 2021 : \$3.0M
- **Bareboat-Ins:**
  - 2 Aframax vessels that redeliver in 2024 – Charter Hire expense for 2021 : \$6.3M
- **Lightering:**
  - 5 workboats that redeliver between December 2020 and July 2023 – Charter Hire expense for 2021 : \$8.6M

# INSW Fleet as of March 1, 2021

Ship	Type	Built	DWT	Ownership
Gener8 Chiotis	VLCC	2016	300,973	Owned
Gener8 Success	VLCC	2016	300,932	Owned
Seaways Triton	VLCC	2016	300,933	Owned
Seaways Diamond Head	VLCC	2016	300,781	Owned
Seaways Hendricks	VLCC	2016	300,757	Owned
Seaways Tybee	VLCC	2015	300,703	Owned
Seaways Kilimanjaro	VLCC	2012	296,520	Owned
Seaways Mckinley	VLCC	2011	296,305	Owned
Seaways Everest	VLCC	2010	296,409	Owned
Seaways Raffles	VLCC	2010	317,858	Owned
Seaways Tanabe	VLCC	2002	298,561	Owned
Seaways Hatteras	Suezmax	2017	158,432	Owned
Seaways Montauk	Suezmax	2017	158,432	Owned
Seaways Redwood	Aframax	2013	112,792	Owned
Seaways Yellowstone	Aframax	2009	112,989	BB-in
Seaways Yosemite	Aframax	2009	112,905	BB-in
Seaways Shenandoah	LR2	2014	112,691	Owned
Seaways Reymar	Panamax	2004	69,501	Owned
Seaways Hellas	Panamax	2003	69,636	Owned
Seaways Jademar	Panamax	2002	69,708	Owned
Seaways Goldmar	Panamax	2002	69,684	Owned
Seaways Rosemar	Panamax	2002	69,628	Owned
Seaways Silvermar	Panamax	2002	69,609	Owned
Seaways Rubymar	Panamax	2002	69,599	Owned

Ship	Type	Built	DWT	Ownership
Seaways Leyte	LR1	2011	73,944	Owned
Seaways Samar	LR1	2011	73,920	Owned
Seaways Guayaquil	LR1	2009	74,999	Owned
Ice Victory	LR1	2006	70,372	TC-in
Seaways Visayas	LR1	2006	74,933	Owned
Seaways Luzon	LR1	2006	74,908	Owned
Seaways Athens	MR	2012	50,342	Owned
Seaways Milos	MR	2011	50,378	Owned
Seaways Kythnos	MR	2010	50,284	Owned
Seaways Skopelos	MR	2009	50,221	Owned
FSO Africa	FSO	2010	432,023	JV 50%
FSO Asia	FSO	2009	432,023	JV 50%

Trading Crude
Trading Products
JV Ships